

CORRECTION NOTICE: This bulletin supersedes sections 204(a) and 214 published in the October 2005 – Long Term Care Provider Bulletin Number 343. These are editorial changes requiring correction, please replace your current version of these sections with this corrected text. The following sections have been revised to read as follows:

Amend §204 (a) Labor Cost Category to read:

- (a) Direct resident care labor costs of permanent full or part time facility employees include salaries, wages, and benefits related to routine nursing services personnel employed directly by the facility. Routine services include nursing, social services, and activities. Direct resident care labor costs include labor expenditures associated with permanent direct care employees. *These services include expenditures associated with contract, registry or temporary agency staffing. These costs are limited to the 90th percentile of each respective peer-group.* DHS will calculate the direct resident care labor daily payment from the FS/NF-Bs and FSSA/NF-Bs actual allowable Medi-Cal cost reported on the most recent published cost report, as adjusted for audit findings. The ceiling for each daily payment will be the 90th percentile of each peer-group allowable Medi-Cal direct resident care labor cost. DHS will reimburse each facility either at actual cost or the ceiling for its peer group, whichever is lower. DHS will also establish an inflation index, based on DHS labor study using the most recent industry-specific historical wage data as reported to OSHPD. DHS will apply this index to allowable direct resident care labor daily costs. Each facility's direct resident care labor costs will be increased from the mid-point of the cost reporting period or supplemental schedule reporting period to the mid-point of the rate year.

Amend §214 Change in Facility Fiscal Period to read:

“Facilities that change their cost report period may file two OSHPD reports. For example, if the fiscal period end date changes from March 31, 2004 to December 31, 2004, disclosure reports may be filed for the period April 1, 2003 thru March 31, 2004 and a second report for the period of April 1, 2004 through December 31, 2004. DHS will use the most recent period available if it contains more than six months of data. If the newest report contains less than six months of data, the earlier period will be used.”